

Message Text

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C O N F I D E N T I A L SAN JOSE 1943

USIA FOR ILA

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SUBJECT: ODUBER RELEASES LETTER TO VESCO

1. IN PRESS CONFERENCE MAY 20 PRESIDENT ODUBER, BEFORE TURNING TO QUESTIONS, ANNOUNCED THAT AT HIS MEETING WITH ROBERT VESCO THE DAY BEFORE HE WAS SWORN IN AS PRESIDENT, HE SPELLED OUT IN A LETTER THE CONDITIONS WHICH VESCO MUST COMPLY WITH IF HE IS TO REMAIN IN COSTA RICA. THE FOLLOWING ARE THE HIGHLIGHTS OF THIS INTERESTING DOCUMENT WHICH WAS PUBLISHED IN ITS ENTIRETY IN THE MAY 21 PRESS:

2. ODUBER SAID THAT "FRIENDLY GOVERNMENTS HAVE KEPT ME INFORMED REGARDING POSSIBLE JUDICIAL ACTION AGAINST YOU (VESCO) AND YOUR FIRMS, BUT AT NOT TIME HAS YOUR EXPULSION FROM THIS COUNTRY BEEN REQUESTED--A THING THAT WOULD BE UNACCEPTABLE TO A COUNTRY THAT HISTORICALLY PRIDES ITSELF WITH BEING A CENTER FOR EXILES WHO ARE SUFFERING PERSECUTION IN THEIR RESPECTIVE COUNTRIES. UNFORTUNATELY, AS I TOLD YOU WHEN I MET YOU SEVERAL MONTHS AGO, ANYONE COMING TO COSTA RICA TO BE A SHAREHOLDER IN MR. FIGUERES' COMPANIES BECOMES AUTOMATICALLY AN ENEMY OF MR. FIGUERES' ENEMIES, AND YOUR ENEMIES IN THE INTERNATIONAL ARENA

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AUTOMATICALLY CONVERT THEMSELVES INTO ENEMIES OF HIS.

NOW THAT A NEW GOVERNMENT IS BEGINNING, NONE--I REPEAT NONE--OF ITS MEMBERS CAN BE ACCUSED OF BEING SHAREHOLDERS IN YOUR BUSINESSES, THE SITUATION IS DIFFERENT AND THE COUNTRY WILL BE ABLE TO SEE WITH GREATER OBJECTIVITY THE PROBLEMS CAUSED BY YOUR PRESENCE IN COSTA RICA."

3. ODUBER WENT ON TO SPECIFICALLY WARN VESCO NOT TO EXPECT ANYTHING BUT THE NORMAL IMMIGRATION AND CUSTOMS TREATMENT FOR VISITORS AT THE AIRPORT FOR HIS PEOPLE, AIRPLANES AND BAGGAGE.

4. WITH REGARD TO VESCO'S INVESTMENTS IN COSTA RICA, ODUBER STATES IN THE LETTER THAT "IT WOULD BE BETTER IF YOUR INVESTMENTS GO INTO AGRICULTURE, CATTLE, TOURISM, AGRO-INDUSTRY AND STAY OUT OF THE KIND OF MYSTERIOUS ACTIVITIES THAT ARE MUCH SPOKEN ABOUT PRECISELY BECAUSE THEY ARE UNKNOWN. IT'S BETTER NOT TO COMPLICATE THINGS WITH WEBS OF TANGLED SHARES AND PORTFOLIO COMPANIES SO COSTA RICANS CAN KNOW THAT YOUR INVESTMENTS ARE GOING TO BE BENEFICIAL FOR THE COUNTRY. IN THIS CONTEXT I REQUEST THAT YOU NOT ACCEPT ANY MEMBER OF MY GOVERNMENT AS AN ASSOCIATE. IF YOU DO, I WOULD HAVE TO FIRE THE OFFICIAL AND ASK YOU TO LEAVE THE COUNTRY. IF THERE ARE (BUSINESS RELATIONSHIPS)--AND I DO NOT KNOW THAT THERE ARE--I REQUEST THAT YOU LIQUIDATE THESE INVESTMENTS WITHIN THIRTY DAYS..."

5. APPARENTLY ONE OF ODUBER'S CHIEF CONCERNS ABOUT VESCO IS THE AMOUNT OF HIS MONEY THAT HAS WOUND UP IN THE MEDIA. HE TOLD VESCO IN THIS LETTER THAT HE WAS PREPARING A BILL WHICH WOULD REQUIRE SHARES OF MEDIA ENTERPRISES TO BE TOTALLY OWNED BY COSTA RICANS AND REGISTERED BY NAME (NOMINATIVE). HE SAID "BEFORE THIS LEGISLATION IS PROMULGATED, I REQUEST THAT YOU TAKE THE NECESSARY STEPS, IF YOU HAVE INVESTMENTS IN THE MEDIA, WITH THE OBJECTIVE OF RESPECTING THE INTENTION OF THIS GOVERNMENT..."

6. WITH REGARD TO VESCO'S POSSIBLE EXTRADITION IN THE FUTURE, ODUBER ALLUDED TO THE U.S.G.'S UNSUCCESSFUL ATTEMPT LAST SUMMER AS AN EFFORT HANDLED AS IF INTENDED NOT TO SUCCEED. ODUBER STATED THAT VESCO WOULD HAVE TO BE EXTRA-CONFIDENTIAL

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DITED IF THE COURTS FOUND HIM EXTRADITABLE UNDER "TREATIES, LAWS AND THE CONSTITUTION". THE SAME APPLIES TO SHAREHOLDERS SUITS AGAINST VESCO--THE COURTS WILL HAVE THE FINAL WORD.

7. FINALLY, PRESIDENT ODUBER TOLD VESCO THAT "IF YOUR CONSCIENCE IS CLEAR, YOU CAN REMAIN TRANQUIL IN COSTA RICA". "... I DO NOT WANT YOUR PRESENCE OR THAT OF YOUR FAMILY

AND FRIENDS TO BE A PERMANENT SCANDAL THAT IS FRIGHTENING FOR YOUR OR THAT DAMAGES COSTA RICA AND MY GOVERNMENT. FOR THIS ALONE, I HAVE GIVEN YOUR SOME RECOMMENDATIONS THAT CAN HELP BOTH OF US SO THAT THE WATERS CAN RETURN TO THEIR NORMAL LEVEL..."

8. COMMENT: ALTHOUGH ODUBER'S LETTER TO VESCO WAS AN ASTUTE MOVE AIMED AT PROVING TO BOTH INTERNATIONAL AND DOMESTIC OBSERVERS THAT HE INTENDS TO CLEAN UP GOVERNMENT, THE EMBASSY REMAINS TO BE CONVINCED THAT THE LETTER WAS NOT MEANT MORE TO CALM THE CRITICS THAN TO WARN VESCO. THE EXCEPTION OF ODUBER'S RECENT DECREE TO TIGHTEN UP CUSTOMS--A MEASURE CLEARLY AIMED AT VESCO--THE NEW RESTRICTIONS SPELLED OUT IN THE LETTER ARE THOSE CONCERNING VESCO'S INVESTMENTS IN THE MEDIA AND THE BAN ON BUSINESS DEALINGS WITH MEMBERS OF HIS GOVERNMENT. WITH REGARD TO THE MEDIA, ODUBER RAISED THE PROSPECT OF A NEW LAW WHICH WOULD PROHIBIT FOREIGN OWNERSHIP OF MEDIA ENTERPRISES AND COMPEL PUBLIC DISCLOSURE OF MEDIA SHAREHOLDERS THROUGH PUBLIC REGISTRY OF THE SHARES (ACCIONES NOMINATIVAS). BUT VESCO'S RELATIONSHIP TO THE MEDIA IS PRINCIPALLY THAT OF A BANKER NOT A SHAREHOLDER SO HE PRESUMABLY WOULD NOT BE GREATLY AFFECTED BY THE NEW LAW. PRECISELY BECAUSE VESCO'S MEDIA INVESTMENTS ARE MORE ORIENTED TO LENDING MONEY (FOR POLITICAL PROFIT) THAN TO VENTURES FOR COMMERCIAL TAIN, ODUBER'S RESTRICTIONS ON VESCO'S INVOLVEMENT WITH THE MEDIA ARE WIDE OF THE MARK. WITH THE APPARENT EXCEPTION OF CHANNEL 11, WHERE VESCO MAY HAVE HAD A DIRECT PIECE OF THE ACTION, MOST VESCO MONEY IN THE MEDIA (NAMELY, EXCELSIOR, LA HORA, RADIO CITY, RADIO BB AND RADIO COLUMBIA) HAS PROBABLY BEEN THROUGH LOANS TO LUIS BURSTIN PRINCIPALLY, AND PROBABLY TO PEPE FIGUERES, GASTON KOGAN AND FERNANDO BATALLA WHO ARE PARTNERS IN THE EXCELSIOR/LA HORA OPERATION. CONFIDENTIAL

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VESCO MAY HAVE BEEN A DIRECT PARTNER WITH THE ENTERPRISING CUBAN-AMERICANS (U.S. CITIZENS) WHO OWN CHANNEL 11, AND THEIR SUDDEN DESPERATE FINANCIAL SITUATION (BROUGHT TO EMBASSY'S ATTENTION SEVERAL DAYS AGO) MAY HAVE BEEN OCCASIONED BY HIS DECISION, UNDER ODUBER'S PRESSURE, TO CUT HIS DIRECT INVOLVEMENT. THE CUBAN AMERICANS ARE PROBABLY EXPENDABLE TO ODUBER WHEREAS BURSTIN, BASTON KOGAN AND ESPECIALLY FIGUERES ARE NOT SO EASILY DISMISSED. EMBASSY STILL BELIEVES THAT ODUBER FEELS HIS GREATEST CHALLENGE RIGHT NOW IS PRINCIPALLY TO PROJECT IMAGE OF NOT TOLERATING VESCO'S EXCESSES WHILE NOT DAMAGING HIS RELATIONS WITH RIGUERES. ODUBER PROBABLY WANTS TO KEEP VESCO'S HEAD DOWN BY CURBING THE FUGITIVE FINANCIER'S MORE FLAGRANT ABUSES, AND AS HE SAID IN THE LETTER "LET THE WATERS RETURN TO THEIR NORMAL LEVEL".

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